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C O N F I D E N T I A L SECTION 01 OF 02 ADDIS ABABA 000738

SIPDIS

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SUBJECT: PARTY-STATAL DASHEN BREWERY SHOWS PROFITS AND THE
EXCESSES OF POWER

REF: ADDIS 677

Classified By: Ambassador Donald Yamamoto. Reasons 1.4 (b) and (d).

¶1. (C) In a recent visit to Gonder, PolOff and Political Specialist visited ruling party owned Dashen Brewery to explore a mid-2008 labor dispute, the media coverage of which showed the long arm of the ruling party in protecting its commercial interests. We found a company both profitable and expanding, and a General Manager confident of his, and his company's, protected status.

¶2. (SBU) Dashen Brewery is one of the companies owned by the Amhara National Democratic Movement's (ANDM) endowment Tirit (Reftel), and is the biggest brewery in Ethiopia with a 75 million liter capacity. It has 450 employees and an annual income of USD 85 million per year, with profits of USD 25 million. From a traditionally urban market, the market share has increasingly shifted to the countryside in the past 4-5 years. Dashen beer is exported to Ireland, Israel, South Sudan, and Australia, and the brewery has plans to start exporting to West African countries soon. These expansion plans may be endangered as the brewery is encountering a shortage of packaging materials as there is only one glass manufacturer in Ethiopia that produces bottles for all six breweries that operate in the country. In the next year, Dashen plans to open a malting plant in Gonder so that the company can purchase barley from Ethiopian farmers and turn it into malt domestically instead of importing malt from Belgium.

¶3. (C) In July 2008, The Reporter newspaper published a story criticizing Dashen Brewery for its labor practices following a labor dispute at the brewery. Dashen Brewery brought a libel case against the newspaper in response to the article. Following the appearance of the story, Amare Aregawi, then editor-in-chief of The Reporter, claims that he was detained by Amhara regional police in Addis Ababa and brought to Gonder. For his part, Amare claims that the case was handled in an extrajudicial manner because the Amhara regional police, using a Dashen vehicle, crossed jurisdictional lines when they came to Addis Ababa to detain him unlawfully for reporting on the dispute. Berhanu Admasu, General Manager of the brewery, contended that the case was, in fact, being handled in a legal manner. He claims that it was not the Amhara regional police, but rather the Addis Ababa police, who arrested Amare. The Addis Ababa police then transferred Amare to the federal police, who transferred him to the Amhara regional police. When pressed about the facts Berhanu seemed unsure and said that the reason for the delay in the case was because the evidence was hard to gather. (COMMENT: This is difficult to believe since the evidence in question was published in The Reporter. END COMMENT.) No charges

have been brought against Amare to date.

¶4. (SBU) In a conversation with PolOff, Berhanu criticized Amare as being an unethical journalist, and said that everyone is afraid of Amare but "unfortunately he collided with me." The conversation continued over dinner and Berhanu began to divulge more information about his ties to the EPRDF. When first asked, he claimed that he had no affiliation with the EPRDF, but later it became clear that he was empowered by the party. When asked to whom he reports, Berhanu replied, "to God himself," and later conceded that he also reports to Bereket Simon, Dashen Brewery Board Chairman (a government minister and ANDM politburo member) and to Deputy Prime Minister Addisu Legesse. When Amare's case came up in conversation again, Berhanu became visibly upset and said, "I can make or break anyone. I have the right to kill."

Comment

¶4. (C) Our Dashen visit offered additional insights into Ethiopia's ruling party's "party-statals" or endowment companies. Contrary to the government's marginally profitable state-owned enterprises, this visit and reftel on the endowment highlight that the ruling party's companies are thriving. With this growth comes an increased sense of power and invincibility for the leadership of the brewery. While Berhanu was clearly well-versed in the details of his trade, his comments offered a glimpse into -- at least his perception of -- his protected status as a key profit maker for the ruling party. End Comment.

ADDIS ABAB 00000738 002 OF 002

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